GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3458
ANSWERED ON:07.09.2007
REVIVAL PACKAGE TO COOPERATIVE SOCIETIES
Patil Shri Pratik Prakashbapu

Will the Minister of FINANCE be pleased to state:

(a) whether the National Bank for Agriculture and Rural Development (NABARD) has denied financial revival package to cooperative societies which have recoveries less than 30%;

(b) if so, the facts thereof and the reaction of the Government thereto; and

(c) the steps taken for revival of such societies?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : The Financial Revival Package of Government covers all the societies. According to the revival package the Primary Agriculture Cooperative Society (PACS) with recovery level of 50% and above receive full capitalization immediately while PACS with recovery between 30% to 50% will receive the financial assistance in three annual back-ended installments at the beginning of the next succeeding year subject to their achieving incremental increase in recovery rate by at least ten percentage points. Further, if a PACS with recovery of less than 30% as on 30 June 2004 improves its recovery to 50% by 30 June 2007 it would also be considered as eligible under the Package. For other PACS, the capitalization will take place in the next higher tier i.e. at the District Central Cooperative Bank (DCCB) level.

According to the Package, the State Governments are under obligation to determine the future set up of PACS with recovery levels of less than 30% on the basis of viability. The Package emphasizes that the Cooperative Credit Societies cannot be financially viable institutions on a sustainable basis unless recovery levels improve beyond the level of 50% and achieve recovery rates of at least 85% over the next five years.